

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF THE RATES)	CASE NO. 92-452
OF KENTUCKY-AMERICAN WATER COMPANY)	

O R D E R

Kentucky-American Water Company ("Kentucky-American") filed a Conservation Plan and program implementation schedule on January 28, 1994, as directed by the Commission in its Order dated November 19, 1993. Kentucky-American's Conservation Plan identifies several public education, demand-side management ("DSM"), meter testing, leak detection, and pricing programs that are estimated to reduce Kentucky-American's average day demand by 2.9 million gallons per day ("MGD") and peak day demand by 3.0 MGD. Kentucky-American contends, however, that these reductions likely will not eliminate the estimated treatment deficit of 3.63 MGD.

Chetan Talwalkar, an intervenor, filed a motion to reject Kentucky-American's proposed Conservation Plan, claiming that it "represents nothing substantially more than the efforts now being pursued" and is not an "aggressive demand-side management plan" as ordered by the Commission. The motion also requests the Commission to: 1) order Kentucky-American to retain an experienced consultant to develop a comprehensive DSM program with intervenor input, and 2) combine the development of an aggressive DSM program with the development of weather normalization models and econometric

techniques. Kentucky-American filed a response requesting that the motion be denied and Mr. Talwalkar filed a reply.

Based on the pleading and evidence of record, the Commission hereby finds that the motion should be denied for the following reasons.

By ordering Kentucky-American to develop a water conservation plan now, the Commission sought to avoid a long delay in the implementation of conservation programs pending the outcome of a comprehensive investigation into Kentucky-American's sources of supply and future demand, including demand-side management. Such an investigation was initiated on November 19, 1993 in Case No. 93-434.¹ To reject Kentucky-American's proposed plan as suggested by Mr. Talwalkar would only further delay the implementation of these conservation programs.

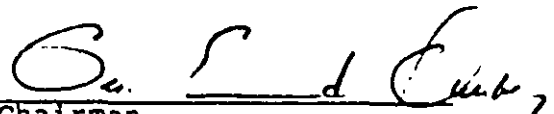
The purpose of the Commission's investigation in Case No. 93-434 is to address all issues pertaining to Kentucky-American's sources of supply and future demand. The concerns expressed by Mr. Talwalkar in his motion and subsequently in his reply are clearly related to the investigation's broad subject matter and should be addressed in that proceeding. Should the evidence in Case No. 93-434 persuade the Commission that Kentucky-American's conservation plan needs to be modified or expanded, Kentucky-American will be required to implement the necessary changes.


¹ Case No. 93-434, An Investigation of the Sources of Supply and Future Demand of Kentucky-American Water Company.


IT IS THEREFORE ORDERED that Mr. Talwalkar's motion be and it hereby is denied.

Done at Frankfort, Kentucky, this 11th day of May, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director